JANET T. MILLS
GOVERNOR

STATE OF MAINE
MAINE REVENUE SERVICES
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ADMINISTRATIVE & FINANCIAL SERVICES
KIRSTEN LC FIGUEROA
COMMISSIONER

MAINE REVENUE SERVICES
JEROME D. GERARD
EXECUTIVE DIRECTOR

December 31, 2023

Senator Nicole Grohoski, Co-Chair
Representative Joseph C. Perry, Co-Chair
Joint Standing Committee on Taxation
100 State House Station
Augusta, ME 04333-0100

Dear Committee Co-Chairs:

Pursuant to 36 M.R.S. § 5219-QQ(4)(B), I have enclosed the annual report regarding the revenue loss to the State of Maine from the credit for major business headquarters expansions.

Pursuant to 36 M.R.S. § 5219-RR(9)(C), I have enclosed the annual report regarding the revenue loss to the State of Maine from the credit for Maine shipbuilding facility investment.

Pursuant to 36 M.R.S. § 5219-VV(5)(C), I am reporting on the revenue loss to the State of Maine as a result of the credit for major food processing and manufacturing facility expansion for tax years ending in 2022. The Legislature recently enacted PL 2023, c. 173 (signed June 15th, 2023), An Act to Allow Incentive Continuity Following a Catastrophic Occurrence Under the Pine Tree Development Zone and Major Food Processing and Manufacturing Facility Expansion Tax Credit Programs, amending the credit. There has been no revenue loss to the State as a result of the credit. The earliest a credit may be claimed is for tax years beginning in 2022.

Please feel free to contact me if you have any questions about this report.

Sincerely,

Jerome D. Gerard

Enc.
cc: Members of the Joint Standing Committee on Taxation
Kirsten LC Figueroa, Commissioner, DAFS

Revenue loss to the State from the tax credit for major business headquarters expansions

A Report Prepared for the:
Joint Standing Committee on Taxation

Department of Administrative and Financial Services
Maine Revenue Services

December 31, 2023

I. Introduction

Maine Revenue Services ("MRS") is providing this report in compliance with Maine Revised Statutes Title 36, section 5219-QQ, subsection 4, paragraph B, which requires MRS to provide an annual report to the Joint Standing Committee on Taxation of the revenue loss to the State as a result of the credit for major business headquarters expansions. This report follows the annual report on the credit issued by the Department of Economic and Community Development pursuant to Title 36, section 5219-QQ, subsection 4, paragraph A.

II. Description of Benefits

A refundable income tax credit is available to major businesses who meet employment and investment thresholds and are certified by the Commissioner of the Department of Economic and Community Development to receive the credit.

Certification requires, among other things, that a major business has or will have its headquarters located in Maine, employs at least 5,000 full-time employees worldwide of which at least 25% are or will be based in Maine, has business locations in at least three other states or foreign countries, and makes a qualified investment of at least $35,000,000 in its headquarters in the State.

The refundable credit is equal to 2% of the amount of actual qualified investment made by the certified applicant. The credit is disallowed in any year the applicant fails to meet or exceed statutory employment targets. The employment targets increase after 10 years. A major business may claim this credit for up to 19 years after the year of certification.

III. General Fund Revenue Loss

MRS is required to report the revenue loss during the report year as a result of this credit for each taxpayer claiming the credit. For purposes of the report, "revenue loss" means the credit claimed by the taxpayer and allowed pursuant to Title 36, section 5219-QQ, subsection 4, paragraph B, consisting of the amount of the credit used to reduce the tax liability of the taxpayer and the amount of the credit refunded to the taxpayer, stated separately. "Report year" means the tax year ending during the immediately preceding calendar year.

For report year 2022, only one taxpayer with a tax year ending in 2022 claimed the credit. The amount of the credit used to reduce the tax liability of the taxpayer was $0, and the amount of the credit refunded to the taxpayer was $800,000. The total revenue loss to the State was $800,000.

Report Year	Number of Taxpayers Claiming the Credit	Total Revenue Loss	Amount of Credit Used to Offset Tax Liability	Amount of Credit Refunded
2022	1	($800,000)	$0	$800,000
2021*	1	($800,000)	$0	$800,000

* Previously reported revenue loss is included for historical reference only.

Revenue loss to the State from the tax credit for Maine shipbuilding facility investment

A Report Prepared for the:
Joint Standing Committee on Taxation

Department of Administrative and Financial Services
Maine Revenue Services

December 31, 2023

I. Introduction

Maine Revenue Services ("MRS") is providing this report in compliance with Maine Revised Statutes Title 36, section 5219-RR, subsection 9, paragraph C, which requires MRS to provide annual reports to the Joint Standing Committee on Taxation of the revenue loss to the State as a result of the income tax credit for Maine shipbuilding facility investment for each taxpayer claiming the credit. This report follows the annual report on the credit issued by the Department of Economic and Community Development pursuant to Title 36, section 5219-RR, subsection 9, paragraph B.

II. Description of Benefits

A nonrefundable income tax credit is available to shipbuilders who meet employment and investment thresholds and are certified by the Commissioner of the Department of Economic and Community Development to receive the credit.

Certification requires, among other things, that the applicant owns and operates or proposes to construct a Maine shipbuilding facility, employs at least 5,000 qualified workers, has made a qualified investment of at least $100,000,000 at its Maine shipbuilding facility, and does not receive Pine Tree Zone or Employment Tax Incremental Financing benefits.

The credit is equal to $3,000,000 per year and can be increased up to $3,500,000 if the applicant satisfies certain employment and investment criteria. The credit is reduced if qualified employment falls below 5,500, and taxpayers with qualified employment below 4,000 cannot claim the credit. Unused credits cannot be carried forward.

Taxpayers may claim the credit for 10 consecutive tax years. This limitation is extended to 15 consecutive tax years if the taxpayer makes an additional $100,000,000 qualified investment at its Maine shipbuilding facility.

III. General Fund Revenue Loss

MRS is required to report the revenue loss during the report year as a result of this credit for each taxpayer claiming the credit. For purposes of the report, "revenue loss" means the credit claimed by the taxpayer and allowed pursuant to Title 36, section 5219-RR. "Report year" means the tax year ending during the immediately preceding calendar year.

For report year 2022, only one taxpayer with a tax year ending in 2022 claimed the credit. The revenue loss to the State for this taxpayer was $3,250,000, represented in the table below:

Report Year	Number of Taxpayers Claiming the Credit	Total Revenue Loss
2022	1	($3,250,000)
2021*	1	($3,250,000)
2020*	1	($3,000,000)

* Previously reported revenue loss is included for historical reference only.